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NCL 100 YEARS CONSUMER ADVOCACY National Consumers LEAGUE

NATIONAL CONSUMERS LEAGUE

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February 18, 2000

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street, SW, TW-A325
Washington, DC 20554

RE: MCI WorldCom and Sprint Proposed Transfer of Control
CC Docket 99-333

Dear Ms. Salas:

The National Consumers League respectfully submits the enclosed comments in the matter cited above. NCL is a private, nonprofit advocacy organization. Founded in 1899, NCL's mission is to identify, protect, represent and advance the economic and social interests of consumers and workers.

NCL urges the Federal Communications Commission to reject the MCI WorldCom and Sprint proposed transfer of control because it is not in the best interests of consumers or workers and does not help to fulfill the promises of the 1996 Telecommunications Act.

Sincerely yours,

Susan Gr

Susan Grant
Vice President, Public Policy

cc: International Transcription Service, Inc.
Lauren Kravetz, FCC Wireless Telecommunications Bureau
Christopher Libertelli, FCC Common Carrier Bureau
Jim Bird, FCC Office of General Council

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION

In the Matter of: **CC Docket 99-333**
MCI WorldCom and Sprint
Proposed Transfer of Control

COMMENTS OF THE NATIONAL CONSUMERS LEAGUE

The National Consumers League opposes the MCI WorldCom and Sprint proposed transfer of control because it is not in the best interests of consumers or workers and does not help to fulfill the promises of the 1996 Telecommunications Act. NCL is a private, nonprofit organization. Founded in 1899, its mission is to identify, protect, represent and advance the economic and social interests of consumers and workers.

In assessing the impact of mergers and acquisitions, NCL bases its position on several core principles, including whether they will:

- enhance competition in the relevant markets;
- avoid anticompetive concentration in violation of federal law;
- offer consumers more choices and better products or services;
- have a beneficial impact on consumer prices for products or services;
- include a commitment to universal access, design and service to accommodate all consumers, regardless of geographic location, disability, race, income or other potential barriers;
- provide equity in pricing and choice for consumers without discrimination;
- incorporate the best practices in marketing, dispute resolution and other consumer protection measures;

- meet consumer demand for good quality products and services and provide prompt customer service by ensuring a sufficient number of adequately trained employees;
- cause no diminution of current wage levels in the industry and ensure good wages, benefits and working conditions for all employees;
- have a beneficial impact on the quality and quantity of jobs of affected employees.

It is our view that the MCI WorldCom and Sprint proposed transfer of control does not adequately meet these basic tests.

Impact on Competition, Choice, Price, Access and Equity

According to 1998 FCC statistics, MCI WorldCom has 26 percent of the market share for long distance, Sprint has 11 percent. With AT&T at 43 percent, the long distance market is already too highly concentrated. The combination of MCI WorldCom and Sprint would only exacerbate this problem, essentially resulting in two long distance companies that will account for 80 percent of the market. While in the future, other companies may make inroads in the current juggernaut for control of the long distance market, robust competition does not currently exist and will not be advanced by this proposal. NCL is also concerned about the detrimental impact on competition in the local service market if Sprint shifts its focus from that area.

In addition to their high market share as long distance service providers, MCI WorldCom and Sprint are the largest and second largest Internet backbone providers; combined they would account for approximately two-thirds of the long-haul Internet market. NCL believes that the Internet is an increasingly vital conduit for civil discourse, education and trade. Ensuring that the Internet is accessible to all is an important public policy goal.

Less competition in long distance, local and Internet services would mean fewer choices and higher prices for consumers. It would reduce the incentive for innovation and improving the services that are offered to consumers. It would also result in less access to services and increase the potential for lack of equity in price and choice for consumers. These outcomes are unacceptable and run counter to the intent of the 1996 Telecommunications Act.

Impact on Marketing Practices, Compliant Resolution and Quality of Service

Both MCI WorldCom and Sprint have been cited by state regulators for engaging in "slamming," switching consumers' telephone services without their consent. MCI WorldCom has also paid penalties to the FCC in connection with slamming complaints. While MCI WorldCom and Sprint are not alone in being accused of slamming, it is a serious concern. Slamming is an anticompetitive practice that hurts not only consumers but other telecommunications competitors. Some state agencies have expressed frustration at the difficulty of resolving slamming or other complaints with MCI WorldCom.

NCL was disappointed when MCI WorldCom led the successful effort in federal court to delay implementation of the consumer liability provisions in the FCC's anti-slamming rules last year. Considerable time and energy is being spent on creating an alternative system to handle slamming complaints. While that may be helpful, NCL would have preferred to see both MCI WorldCom and Sprint take leadership roles in trying to make the new rules work and stop the practice of slamming. Meanwhile, slamming complaints to NCL's National Fraud Information Center, a hotline for consumers to obtain advice and report telemarketing abuses, have continued at the same high level because the profit motive has not been eliminated.

NCL also notes that in the J.D Powers and Associates' 1999 Local Telephone Service Satisfaction Study, released August 4, 1999, Sprint ranked second to last among 14 local telephone companies in customer satisfaction.

NCL believes that it is imperative for competitors in the telecommunications market to uphold the highest standards for marketing practices, dispute resolution and other consumer protection measures. It is difficult to see how the MCI WorldCom and Sprint transfer of control proposal would lead to improvements in these areas.

Impact on Workers

As NCL understands it, MCI WorldCom laid off several thousand employees after the merger of the two companies, despite assurances to the contrary. NCL is concerned about the possible negative impact of the MCI WorldCom and Sprint transfer of control proposal not only on the quantity of jobs, but on the quality of jobs. Lack of adequate number of sufficiently trained empoyees to get the work done and meet consumer demand for quality services and prompt customer service results in unfair strain on the workers and poor service for consumers.

In conclusion, NCL believes that the MCI WorldCom and Sprint proposal should not be approved because it does not advance the goal of increased competition in the telecommunications marketplace and does not ensure consumers or workers of the benefits to which they are entitled. Thank you very much for considering these comments.

Respectfully submitted,

Susan G

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